

# **Summary of Proposed Rule Change**

for  
Arkansas Teacher Retirement System

## **Rule 8-2 REFUNDS OF MEMBER CONTRIBUTIONS**

### Substantive changes

This rule change sets the rate of interest to be paid on a member's accumulated contributions in the ATRS system if the member elects to have his or her accumulated contributions refunded. The rule sets the rate as follows:

- Six percent (6%) on June 30, 2009;
- Two percent (2%) on June 30, 2010

The rule also changes the language to allow the Board to adjust the rate of interest when they deem appropriate, rather than requiring them to set the rate annually. In other words, the rate is set until such time that the Board, using prudent investing rules, decides that it needs to be changed. It does not change the power that the Board currently has, it just removes the formality of requiring the Board to set a rate every year, and lets the Board react to actuarial needs of the system on an "as needed" basis.

In addition, the rule adjusts the de minimus amount for refund of overpayment of member contributions, from five dollars (\$5.00) to twenty-five dollars (\$25.00). This scenario occurs because of an accounting error with the employer, for instance, when an employer deducts too much contribution from an employee's paycheck. If ATRS later discovers the discrepancy, ATRS will refund the member (employee) the "over-deduction" for amounts over twenty-five dollars (\$25.00).

### Non-substantive changes

The small number of non-substantive changes edits existing language to provide consistency within the rule.